

**EXETER TOWNSHIP**  
Monroe County, Michigan

**ANNUAL FINANCIAL REPORT**

March 31, 2008

# EXETER TOWNSHIP

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Independent Auditor's Report

Township Board  
Exeter Township  
Maybee, Michigan 48159

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Exeter Township, Monroe County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Exeter Township, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Exeter Township, Monroe County, Michigan as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 31 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Exeter Township, Monroe County, Michigan basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 4, 2008

## EXETER TOWNSHIP

### *Management's Discussion and Analysis Year Ended March 31, 2008*

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This section of the Exeter Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Exeter Township financially as a whole. The ***Government-Wide Financial Statements***, which include the statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds – the General Fund, the Library Fund, the Fire Fund, the Water #1 Debt Fund, the Water #2 Debt Fund, the Water #3 Debt Fund, the Water #3 Construction Fund, and the Water Development Fund. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

*Management's Discussion and Analysis (MD&A)*  
*(Required Supplemental Information)*

#### Basic Financial Statements

*Government-Wide Financial Statements*      *Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds*  
*(Required Supplemental Information)*

*Other Supplemental Information*

## EXETER TOWNSHIP

### *Management's Discussion and Analysis Year Ended March 31, 2008*

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#### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities (pages 9-10) which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The Statement of Net Assets and Statement of Activities report the governmental activities for the Township, which encompass all of the Township's services, including general government services, public safety, public works, and recreation and culture. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.

#### **Fund Financial Statements**

The Township's Fund Financial Statements (pages 11-17) provide detailed information about the most significant or "major" funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

**Governmental funds** – All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 13 and 16.

**Fiduciary funds** – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

## EXETER TOWNSHIP

### *Management's Discussion and Analysis* *Year Ended March 31, 2008*

#### Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of March 31, 2008 and 2007:

**Table 1:**

#### **Condensed Statement of Net Assets** **March 31, 2008 and 2007**

	Governmental Activities	
	2008	2007
Current and other assets	\$ 5,942,024	\$2,576,963
Investment in joint ventures	20,852	19,658
Capital assets, net	<u>5,464,430</u>	<u>3,029,126</u>
<b>Total Assets</b>	<u>11,427,306</u>	<u>5,625,747</u>
Current and other liabilities	219,684	77,992
Long-term liabilities	<u>3,983,411</u>	<u>1,731,771</u>
<b>Total Liabilities</b>	<u>4,203,095</u>	<u>1,809,563</u>
Net Assets		
Invested in capital assets, net of related debt	1,481,019	1,297,355
Restricted	5,484,569	2,269,869
Unrestricted	<u>258,623</u>	<u>248,960</u>
<b>Total Net Assets</b>	<u>\$ 7,224,211</u>	<u>\$3,816,184</u>

As depicted in Table 1, the Township's net assets were \$7,224,211 at March 31, 2008. Of this amount, a positive \$258,623 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future growth and uncertainties. It means that if we had to pay off all our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund, the Water #3 Debt Fund, the Water #3 Construction Fund, and the Water Development Fund have a significant impact on the change in unrestricted net assets from year to year.

**EXETER TOWNSHIP***Management's Discussion and Analysis  
Year Ended March 31, 2008*

The results of this year's operations for the Township as a whole are reported in the Statement of Activities. Table 2 shows the changes in the net assets for the calendar year ended March 31, 2008 and 2007.

**Governmental-Wide Financial Analysis - Concluded****Table 2:****Changes in Net Assets  
Years Ended March 31, 2008 and 2007**

	Governmental Activities	
	2008	2007
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 221,959	\$262,425
Operating grants	2,700	-
Capital grants	<u>3,382,504</u>	<u>40,927</u>
	3,607,163	303,352
General revenues:		
Property taxes	120,097	112,795
State grants	218,565	220,930
Interest income	135,106	142,685
Other general revenues	<u>17,012</u>	<u>12,882</u>
	<u>490,780</u>	<u>489,292</u>
Total Revenues	4,097,943	792,644
<b>Functions/Program Expenses</b>		
Legislative	41,662	35,743
General government	210,772	225,347
Public safety	225,271	216,580
Public works	113,951	137,721
Recreation and culture	2,307	2,909
Interest on long-term debt	<u>95,953</u>	<u>90,294</u>
Total Expenses	<u>689,916</u>	<u>708,594</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$3,408,027</u>	<u>\$ 84,050</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$689,916. Of this amount, \$3,607,163 was subsidized with revenue generated from charges for services, grants and other contributions with the remaining costs financed with general revenues.

The Township's governmental activities experienced an increase in net assets of \$3,408,027. A reconciliation of the change in fund balances to the change in net assets appears on page 16.



## EXETER TOWNSHIP

### *Management's Discussion and Analysis Year Ended March 31, 2008*

#### **Fund Financial Analysis**

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Exeter Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$1,982,567, which is an increase of \$434,689 from last year. The changes by fund types are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Fund balances – Beginning of year</b>	\$248,960	\$79,805	\$ 776,826	\$442,287	\$1,547,878
Increase (decrease)	<u>9,663</u>	<u>9,407</u>	<u>450,965</u>	<u>(35,346)</u>	<u>434,689</u>
<b>Fund balances – End of year</b>	<u>\$258,623</u>	<u>\$89,212</u>	<u>\$1,227,791</u>	<u>\$406,941</u>	<u>\$1,982,567</u>

The Township's General Fund revenues increased by \$63,435 compared to the prior year. The Township received a federal grant of \$86,640 to help purchase fire equipment. License and permit revenue decreased \$19,696 from the prior year. The other revenues remained fairly consistent with the prior year.

	<u>March 31, 2008</u>	<u>March 31, 2007</u>	<u>Percent Change</u>
<b>Revenues</b>			
Property taxes and special assessments	\$122,077	\$114,667	6.5 %
Licenses and permits	103,393	123,089	(16.0)%
State grants	218,565	220,930	(1.1)%
Federal grants	86,640	-	100.0 %
Administrative fee	40,197	38,312	4.9 %
Local contributions	-	12,000	(100.0)%
Interest	13,226	14,408	(8.2)%
Other	<u>14,577</u>	<u>11,834</u>	23.2 %
Total revenues	<u>\$598,675</u>	<u>\$535,240</u>	11.9 %

The Township's expenditures increased \$48,062 compared to the prior year. The most significant expenditure increase was in public safety. Public safety expenditures included the purchase \$97,535 of fire equipment mostly funded by a federal grant. The Township transferred \$5,000 to the Fire Fund and \$3,001 to the Library Fund in 2008.

## EXETER TOWNSHIP

### *Management's Discussion and Analysis Year Ended March 31, 2008*

#### **Fund Financial Analysis – Concluded**

	<b>March 31, 2008</b>	<b>March 31, 2007</b>	<b>Percent Change</b>
<b>Expenditures</b>			
Legislative	\$ 40,426	\$ 34,444	17.4 %
General government	169,705	188,149	(9.8)%
Public safety	243,317	167,029	45.7 %
Public works	81,373	92,594	(12.1)%
Recreation and culture	500	500	0.0 %
Other	45,690	53,190	(14.1)%
Operating transfers out	<u>8,001</u>	<u>5,044</u>	58.6 %
Total Expenditures	<u>\$589,012</u>	<u>\$540,950</u>	8.9 %

#### **General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget prior to April 1, the start of the fiscal year. Over the course of the year, the Township is allowed to revise its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these statements. Revisions to the General Fund budget were as follows:

**Revenues** - The total final revenue budget was \$592,540. There were no revenue budget adjustments during 2007/2008. At March 31, 2008, state-shared revenue accounted for 37% of the total actual yearly revenue, license and permits accounted for 17%, property taxes accounted for 20%, and federal grants accounted for 14%.

**Expenditures** - The total expenditure budget of \$716,734 was amended throughout the year in several departments. The larger increases were to the Township board (\$11,151) elections, (\$3,506), township building and grounds (\$3,000), and insurance and bonds (\$7,805). Most of these increases were offset by a reduction in contingency (\$30,090). General government accounted for 29% of the total expenditures, public safety accounted for 42%, and public works accounted for 14%.

## **EXETER TOWNSHIP**

### *Management's Discussion and Analysis Year Ended March 31, 2008*

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#### **Capital Asset and Debt Administration**

##### **Capital Assets**

At March 31, 2008, the Township had \$6,659,467 invested in a broad range of capital assets, including land, construction in progress, building and improvements, vehicles, machinery and equipment, and water lines. This amount represents a net increase (including additions and disposals) of \$2,575,227 from last year. This year's additions included \$92,985 in fire equipment and \$2,482,242 in construction in progress for construction of Water District #3. Depreciation for this year totaled \$139,923. Details regarding capital assets are included in Note 7 to the financial statements.

##### **Debt**

At March 31, 2009, the Township had the water contract liabilities totaling \$3,898,529. The Township has levied special assessments on the residents receiving water service. The Township also has a note payable for a fire pumper truck of \$84,882 which is paid out of General Fund revenues. Detailed information regarding debt is included in Note 8 to the financial statements.

#### **Development of the 2009 Fiscal Year Budget**

Our elected officials consider many factors when setting the Township's 2009 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to important factors affecting the budget, such as State budget constraints decreasing revenue sharing. In 2008-2009 the Township's General Fund budget anticipates revenues of \$491,900 and expenditures of \$696,510 which means that it will use up \$204,610 of its carryover fund balance.

#### **Contacting Exeter Township**

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have any questions about this report or need additional information, contact the Exeter Township Clerk, 6158 Scofield Road, Maybee, MI 48159.

**EXETER TOWNSHIP***Statement of Net Assets*  
*March 31, 2008*

	Governmental Activities
<b>Assets</b>	
Cash and cash with fiscal agent	\$1,668,623
Certificate of deposit	85,693
Prepaid expense	9,054
Receivables:	
Accounts	18,055
Special assessments	4,066,285
Taxes	15,245
Due from other governmental units	79,069
Investment in joint venture:	
London-Maybee-Raisinville-Exeter Library	20,852
Depreciable capital assets, net	5,464,430
<b>Total Assets</b>	<b>11,427,306</b>
<b>Liabilities</b>	
Accounts payable	152,533
Accrued interest payable	51,746
Performance bonds	15,405
Long-term liabilities:	
Due within one year	138,289
Due in more than one year	3,845,122
<b>Total Liabilities</b>	<b>4,203,095</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	1,481,019
Restricted for:	
Fire protection	61,265
Debt service	4,995,511
Water projects	406,941
Library	20,852
Unrestricted	258,623
<b>Total Net Assets</b>	<b>\$7,224,211</b>

See accompanying notes to the basic financial statements.

**EXETER TOWNSHIP**

*Statement of Activities*  
*Year Ended March 31, 2008*

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
			Capital Grants and Contributions		
Governmental Activities:					
Legislative	\$41,662	\$0	\$0	\$0	(\$41,662)
General government	210,772	40,197	0	0	(170,575)
Public safety	225,271	0	2,700	86,640	(135,931)
Public works	113,951	181,762	0	3,295,864	3,363,675
Recreation and culture	2,307	0	0	0	(2,307)
Interest on long-term debt	95,953	0	0	0	(95,953)
Total Governmental Activities	<u>\$689,916</u>	<u>\$221,959</u>	<u>\$2,700</u>	<u>\$3,382,504</u>	<u>2,917,247</u>
General Revenues:					
Property taxes					120,097
State grants					218,565
Interest and penalties					135,106
Other					<u>17,012</u>
Total General Revenues					<u>490,780</u>
Change in Net Assets					3,408,027
Net Assets - Beginning of year					<u>3,816,184</u>
Net Assets - End of year					<u><u>\$7,224,211</u></u>

See accompanying notes to the basic financial statements.

**EXETER TOWNSHIP**

*Governmental Funds  
Balance Sheet  
March 31, 2008*

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Library</u>	<u>Fire</u>
<b>Assets</b>			
Cash and cash with fiscal agent	\$115,290	\$27,947	\$61,265
Certificate of deposit	85,693	0	0
Prepaid expense	9,054	0	0
Receivables:			
Accounts	17,020	0	0
Special assessment	0	0	0
Taxes	15,245	0	0
Escrow deposits	0	0	0
Due from other funds	0	0	0
Due from other governmental units	41,413	0	0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$283,715</u>	<u>\$27,947</u>	<u>\$61,265</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$6,003	\$0	\$0
Due to other funds	3,684	0	0
Performance bonds	15,405	0	0
Deferred revenue	0	0	0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	25,092	0	0
<b>Fund Balances</b>			
Reserved for debt service	0	0	0
Reserved for water projects	0	0	0
Unreserved - reported in:			
General Fund	258,623	0	0
Special Revenue Funds	0	27,947	61,265
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>258,623</u>	<u>27,947</u>	<u>61,265</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$283,715</u>	<u>\$27,947</u>	<u>\$61,265</u>

See accompanying notes to the basic financial statements.

Debt Service Funds			Capital Projects Funds		Total Governmental Funds
Water #1	Water #2	Water #3	Water #3 Construction	Water Development	
\$34,824	\$638,664	\$266,144	\$273,278	\$279,158	\$1,696,570
0	0	0	0	0	85,693
0	0	0	0	0	9,054
0	0	0	0	1,035	18,055
19,671	982,864	3,063,750	0	0	4,066,285
0	0	0	0	0	15,245
0	0	0	0	0	0
0	3,684	0	0	0	3,684
560	22,846	14,250	0	0	79,069
<u>\$55,055</u>	<u>\$1,648,058</u>	<u>\$3,344,144</u>	<u>\$273,278</u>	<u>\$280,193</u>	<u>\$5,973,655</u>
\$0	\$0	\$0	\$146,530	\$0	\$152,533
0	0	0	0	0	3,684
0	0	0	0	0	15,405
17,212	899,754	2,902,500	0	0	3,819,466
17,212	899,754	2,902,500	146,530	0	3,991,088
37,843	748,304	441,644	126,748	0	1,354,539
0	0	0	0	280,193	280,193
0	0	0	0	0	258,623
0	0	0	0	0	89,212
<u>37,843</u>	<u>748,304</u>	<u>441,644</u>	<u>126,748</u>	<u>280,193</u>	<u>1,982,567</u>
<u>\$55,055</u>	<u>\$1,648,058</u>	<u>\$3,344,144</u>	<u>\$273,278</u>	<u>\$280,193</u>	<u>\$5,973,655</u>

**EXETER TOWNSHIP**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
March 31, 2008*

<b>Total Fund Balances - Governmental Funds</b>		<b>\$1,982,567</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$6,659,467	
Accumulated depreciation	<u>(1,195,037)</u>	5,464,430
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred revenue in the funds.		3,819,466
Adjustment to investment in London-Maybee-Raisinville-Exeter Library joint venture to reflect Exeter Township's 25% equity, the total activity of the library was reported in the funds		(7,095)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest	(51,746)	
Loan payable	(84,882)	
Bonds payable	<u>(3,898,529)</u>	(4,035,157)
<b>Total Net Assets - Governmental Activities</b>		<b><u>\$7,224,211</u></b>

See accompanying notes to the basic financial statements.



**EXETER TOWNSHIP**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended March 31, 2008*

	Special Revenue Funds		
	General	Library	Fire
<b>Revenues</b>			
Property taxes and special assessments	\$122,077	\$0	\$0
Licenses and permits	103,393	0	0
State grants	218,565	0	2,700
Federal grants	86,640	0	0
Administrative fee	40,197	0	0
Local contributions	0	9,004	0
Interest income	13,226	683	171
Other revenue	14,577	1,600	0
Total Revenues	598,675	11,287	2,871
<b>Expenditures</b>			
Legislative	40,426	0	0
General government	169,705	0	0
Public safety	243,317	0	2,500
Public works	81,373	0	0
Recreation and culture	500	10,252	0
Other	45,690	0	0
Capital projects	0	0	0
Debt service	0	0	0
Total Expenditures	581,011	10,252	2,500
Excess (Deficiency) of Revenues Over Expenditures	17,664	1,035	371
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of bonds	0	0	0
Operating transfers in	0	3,001	5,000
Operating transfers out	(8,001)	0	0
Total Other Financing Sources (Uses)	(8,001)	3,001	5,000
<b>Net Change in Fund Balances</b>	9,663	4,036	5,371
Fund Balances - Beginning of year	248,960	23,911	55,894
Fund Balances - End of year	\$258,623	\$27,947	\$61,265

See accompanying notes to the basic financial statements.

Debt Service Funds			Capital Projects Funds		Total Governmental Funds
Water #1	Water #2	Water #3	Water #3 Construction	Water Development	
\$2,459	\$109,474	\$382,500	\$0	\$0	\$616,510
0	0	0	0	76,389	179,782
0	0	0	0	0	221,265
0	0	0	0	0	86,640
0	0	0	0	0	40,197
0	0	0	0	0	9,004
2,949	93,961	9,144	4,247	11,408	135,789
0	0	0	2,435	0	18,612
5,408	203,435	391,644	6,682	87,797	1,307,799
0	0	0	0	0	40,426
0	0	0	0	0	169,705
0	0	0	0	0	245,817
0	0	0	0	0	81,373
0	0	0	0	0	10,752
0	0	0	0	0	45,690
0	0	0	2,467,357	2,398	2,469,755
6,869	192,653	0	0	0	199,522
6,869	192,653	0	2,467,357	2,398	3,263,040
(1,461)	10,782	391,644	(2,460,675)	85,399	(1,955,241)
0	0	0	2,389,930	0	2,389,930
0	0	50,000	197,493	0	255,494
0	0	0	0	(247,493)	(255,494)
0	0	50,000	2,587,423	(247,493)	2,389,930
(1,461)	10,782	441,644	126,748	(162,094)	434,689
39,304	737,522	0	0	442,287	1,547,878
\$37,843	\$748,304	\$441,644	\$126,748	\$280,193	\$1,982,567

**EXETER TOWNSHIP**

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended March 31, 2008*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$434,689</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:	
Depreciation expense	(\$139,923)
Capital outlay	<u>2,575,227</u>
	2,435,304
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	(8,915)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	2,801,431
Adjustment to change in London-Maybee-Raisinville-Exeter Library joint venture equity interest to reflect Exeter Township's 25% equity, the total activity of the library was reported in the funds	(2,842)
Proceeds from long-term debt is a revenue in the governmental fund, but not in the statement of activities (where it increases long-term debt)	(2,389,930)
Repayments of long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>138,290</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$3,408,027</u></u>

See accompanying notes to the basic financial statements.

**EXETER TOWNSHIP**

*Agency Funds*  
*Statement of Fiduciary Net Assets*  
*March 31, 2008*

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		Tax Collection
		<hr/>
<b>Assets</b>		
Cash		<hr/> \$1,497
Total Assets		<hr/> \$1,497
		<hr/>
<b>Liabilities</b>		
Due to other governmental units		<hr/> \$1,497
Total Liabilities		<hr/> \$1,497
		<hr/>

See accompanying notes to the basic financial statements.

## EXETER TOWNSHIP

### *Notes to Financial Statements Year Ended March 31, 2008*

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#### Note 1      Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government and provides the following services: public safety (fire), highways and streets, recreation and culture, public improvements, planning and zoning, and general administrative services.

#### Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

The following entity is not included herein as it operates as an autonomous unit:

London-Maybee-Raisinville-Exeter Library - This is a joint library supported by London, Raisinville, and Exeter Townships and the Village of Maybee to provide a library for these four governmental units. This library is audited as a part of the Exeter Township audit.

#### Note 2      Summary of Significant Accounting Policies

The financial statements of Exeter Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

#### Basis of Presentation

##### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. All of the Township's government-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

## EXETER TOWNSHIP

### *Notes to Financial Statements Year Ended March 31, 2008*

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#### Note 2      Summary of Significant Accounting Policies (Continued) Basis of Presentation (Continued)

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Library Fund accounts for monies collected from several municipalities to operate the Maybee library facility.

The Fire Fund accounts for funds from a voted tax levy to be used for fire protection.

The Water #1 Debt Fund accounts for payment of bond principal and interest on a 1997 bond issue from special assessment levies.

The Water #2 Debt Fund accounts for payment of bond principal and interest on a 2000 bond issue from special assessment levies.

The Water #3 Debt Fund accounts for payment of bond principal and interest on a 2007 bond issue from special assessment levies.

The Water #3 Construction Fund accounts for proceeds from a bond issue used to construct water lines.

## EXETER TOWNSHIP

### *Notes to Financial Statements* *Year Ended March 31, 2008*

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#### Note 2      Summary of Significant Accounting Policies (Continued)

##### Basis of Presentation (Continued)

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

##### Fund Financial Statements (Concluded)

The Water Development Fund accounts for monies collected from Stoneco, Inc., to be used for water projects.

The Township does not have any nonmajor governmental funds.

##### C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

##### Cash with Fiscal Agent

This consists of cash and certificates of deposit held by the County of Monroe in its debt retirement accounts for payment of maturing bond principal and interest on debt that it has incurred pursuant to contracting with London Township to acquire and construct water supply system improvements and facilities under Act 342, P.A. of 1948, as amended.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent September 14, and winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond March 31, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of \$2,000 and an estimated useful life in excess of one year. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and buildings improvements	10-50 years
Vehicles	8 years
Machinery and equipment	5 - 7 years
Water lines	50 years

## EXETER TOWNSHIP

### *Notes to Financial Statements Year Ended March 31, 2008*

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#### Note 2 Summary of Significant Accounting Policies (Continued)

##### Basis of Presentation (Continued)

##### C. Assets, Liabilities, and Net Assets or Equity (Concluded)

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.



## EXETER TOWNSHIP

### *Notes to Financial Statements* *Year Ended March 31, 2008*

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Note 2      Summary of Significant Accounting Policies (Concluded)  
Basis of Presentation (Concluded)

F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to March 31, the fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. A public hearing is conducted during March to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. During the year, the budget is monitored and amendments to the budget are made when deemed necessary.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Lapsing of Appropriations - At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

Note 3      Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

For the year ended March 31, 2008, expenditures exceeded final budgeted amounts in the following fund:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Water #1 Construction Fund	\$178,951	\$2,467,357	\$2,288,046
Water Development Fund	-	2,398	2,398

## EXETER TOWNSHIP

### *Notes to Financial Statements Year Ended March 31, 2008*

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#### Note 4      Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At March 31, 2008, the Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized five depositories: Citizens Bank, Fifth Third Bank, National City Bank, Flagstar Bank, and Monroe Bank & Trust.

*Interest rate risk.* The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

*Concentration of credit risk.* The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

*Custodial credit risk.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$1,795,544 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$183,217, with uninsured deposits of \$1,612,327. The Township's deposits are at institutions with an established record of fiscal health and service. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

*Foreign currency risk.* The Township is not authorized to invest in investments which have this type of risk.

# EXETER TOWNSHIP

## Notes to Financial Statements Year Ended March 31, 2008

Note 5      Interfund Payables and Receivables  
Such balances at March 31, 2008 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Water #2 Debt	\$     -	\$3,684
Water #2 Debt Fund:		
General Fund	<u>3,684</u>	<u>      -</u>
Total	<u>\$3,684</u>	<u>\$3,684</u>

Note 6      Interfund Transfers  
Interfund transfers for the year ended March 31, 2008, consisted of the following:

	<u>Transfers Out</u>		
	<u>General Fund</u>	<u>Water Development Fund</u>	<u>Total</u>
<u>Transfers In:</u>			
Library Fund	\$ 3,001	\$     -	\$ 3,001
Fire Fund	5,000	-	5,000
Water #3 Debt Fund	-	197,493	197,493
Water #3 Construction Fund	<u>-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$8,001</u>	<u>\$247,493</u>	<u>\$255,494</u>

The transfer from the General Fund to the Library Fund represents the Township's share of the library's annual budget, the transfer from the General Fund to the Fire Fund represents monies set aside for future fire department expenditures, and the transfers from Water Development Fund to Water #3 Debt Fund and the Water #3 Construction Fund represents monies set aside to help reduce borrowings and assist with construction of new water lines.

**EXETER TOWNSHIP***Notes to Financial Statements  
Year Ended March 31, 2008***Note 7      Capital Assets**

Capital asset activity for the fiscal year ended March 31, 2008, was as follows:

	Balance <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2008</u>
Governmental Activities:				
Assets not being depreciated:				
Land	\$23,846	\$0	\$0	\$23,846
Construction in progress	237,622	2,482,242	0	2,719,864
Capital assets being depreciated:				
Building and building improvements	746,407	0	0	746,407
Vehicles	484,040	0	0	484,040
Machinery and equipment	339,076	92,985	0	432,061
Water lines	<u>2,253,249</u>	<u>0</u>	<u>0</u>	<u>2,253,249</u>
Total capital assets	4,084,240	2,575,227	0	6,659,467
Less accumulated depreciation for:				
Building and building improvements	(157,313)	(16,202)	0	(173,515)
Vehicles	(382,450)	(29,026)	0	(411,476)
Machinery and equipment	(153,381)	(49,630)	0	(203,011)
Water lines	<u>(361,970)</u>	<u>(45,065)</u>	<u>0</u>	<u>(407,035)</u>
Total accumulated depreciation	<u>(1,055,114)</u>	<u>(139,923)</u>	<u>0</u>	<u>(1,195,037)</u>
Net capital assets	<u>\$3,029,126</u>	<u>\$2,435,304</u>	<u>\$0</u>	<u>\$5,464,430</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 5,943
Public safety	88,915
Public works	<u>45,065</u>
Total governmental activities	<u>\$139,923</u>

**EXETER TOWNSHIP***Notes to Financial Statements  
Year Ended March 31, 2008***Note 8****Long-Term Debt**

The following is a summary of long-term debt outstanding as of March 31, 2008:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Original Amount of Issue</u>	<u>Balance Outstanding</u>
Contract liability for:					
General Obligation					
Limited Tax Water	5.0%-		11/1/97-		
Supply System Bonds	7.5%	04/01/97	05/1/16	\$ 86,439	\$ 40,473
(Maybee/Raisinville Exeter/London)Series 1997					
General Obligation					
Limited Tax Water	5.0%-		04/01/02		
Supply System Bonds	7.5%	06/01/00	04/01/20	2,143,558	1,468,126
(Townships of Exeter and Raisinville System No. 1) -Series 2000					
General Obligation					
Limited Tax Water			04/01/09		
Supply System Bonds			04/01/27		
- Series 2007	2.125%	09/27/07		3,360,000	2,389,930
Loan Payable:					
Pumper Truck	4.25%	04/02/02	04/02/02		
			03/01/12	<u>212,206</u>	<u>84,882</u>
				<u>\$5,802,203</u>	<u>\$3,983,411</u>

# EXETER TOWNSHIP

## Notes to Financial Statements Year Ended March 31, 2008

### Note 8 Long-Term Debt (Continued)

The following is a summary of changes in long-term debt:

	<u>Balance</u> <u>3/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>3/31/08</u>	<u>Due In</u> <u>One Year</u>
General Obligation Limited Tax Water Supply System Bonds (Maybe/ Raisinville/Exeter/London) -Series 1997	\$ 44,970	\$ -	\$ 4,497	\$ 40,473	\$ 4,497
General Obligation Limited Tax Water Supply System Bonds (Townships of Exeter and Raisinville System No. 1)- Series 2000	1,580,698	-	112,572	1,468,126	112,572
General Obligation Limited Tax Water Supply System Bonds-Series 2007	-	2,389,930	-	2,389,930	-
2002 Pumper Truck	<u>106,103</u>	<u>-</u>	<u>21,221</u>	<u>84,882</u>	<u>21,220</u>
	<u>\$1,731,771</u>	<u>\$2,389,930</u>	<u>\$138,290</u>	<u>\$3,983,411</u>	<u>\$138,289</u>

The following are the repayment schedules of the March 31, 2008 balances:

Contract liability for the General Obligation Limited Tax Water Supply System Bonds (Maybe/Raisinville/Exeter/London) - Series 1997 - original issue of \$2,595,000, with the Township's share set at 3.331%, equaling \$86,439. The bonds were issued April 1, 1997 by the County of Monroe.

	<u>Principal</u>	<u>Interest</u>		<u>Total Principal</u> <u>and Interest</u> <u>Due Annually</u>
<u>Year</u>	<u>May 1</u>	<u>May 1</u>	<u>Nov. 1</u>	
2009	\$ 4,497	\$1,106	\$ 987	\$ 6,590
2010	4,497	987	866	6,350
2011	4,497	866	742	6,105
2012	4,497	742	618	5,857
2013	4,497	618	495	5,610
2014	4,497	495	371	5,363
2015	4,497	371	247	5,115
2016	4,497	247	124	4,868
2017	<u>4,497</u>	<u>124</u>	<u>-</u>	<u>4,621</u>
	<u>\$40,473</u>	<u>\$5,556</u>	<u>\$4,450</u>	<u>\$50,479</u>

# EXETER TOWNSHIP

## Notes to Financial Statements Year Ended March 31, 2008

### Note 8 Long-Term Debt (Continued)

Contract liability for the General Obligation Limited Tax Water Supply System Bonds (Townships of Exeter and Raisinville System No. 1, Series 2000 - Original issue of \$2,285,000, with the Township's share set at 93.81%, equaling \$2,143,558. The bonds were issued June 1, 2000 by the County of Monroe.

Year	Principal	Interest		Total Principal and Interest
	April 1	April 1	Oct. 1	Due Annually
2009	\$ 112,572	\$ 38,615	\$ 35,800	\$ 186,987
2010	112,572	35,800	32,986	181,358
2011	112,572	32,986	30,172	175,730
2012	112,572	30,172	27,287	170,031
2013	112,572	27,287	24,332	164,191
2014	112,572	24,332	21,377	158,281
2015	112,572	21,377	18,422	152,371
2016	112,572	18,422	15,439	146,433
2017	112,572	15,439	12,427	140,438
2018	112,572	12,427	9,388	134,387
2019	112,572	9,388	6,320	128,280
2020	112,572	6,320	3,225	122,117
2021	117,262	3,225	-	120,487
	<u>\$1,468,126</u>	<u>\$275,790</u>	<u>\$237,175</u>	<u>\$1,981,091</u>

Contract liability for the General Obligation Limited Tax Water Supply System Bonds – Series 2007-original issue of \$3,360,000. The bonds were issued September 27, 2007 by the County of Monroe through the Michigan Municipal Bond Authority. As of March 31, 2008, the total amount outstanding on the issue was \$2,389,930. The following payment schedule is for the entire issue.

Year	Principal	Interest		Total Principal and Interest
	April 1	April 1	Oct. 1	Due Annually
2009	\$ 0	\$ 11,904	\$ 35,169	\$ 47,073
2010	175,000	35,700	33,841	244,541
2011	175,000	33,841	31,981	240,822
2012	175,000	31,981	30,122	237,103
2013	175,000	30,122	28,262	233,384
2014	175,000	28,262	26,403	229,665
2015	175,000	26,403	24,544	225,947
2016	175,000	24,544	22,684	222,228
2017	175,000	22,684	20,825	218,509
2018	175,000	20,825	18,966	214,791
2019	175,000	18,966	17,106	211,072
2020	175,000	17,106	15,247	207,353
2021	175,000	15,247	13,388	203,635
2022	180,000	13,388	11,475	204,863
2023	180,000	11,475	9,563	201,038
2024	180,000	9,563	7,650	197,213
2025	180,000	7,650	5,738	193,388
2026	180,000	5,738	3,825	189,563
2027	180,000	3,825	1,913	185,738
2028	180,000	1,913	-	181,913
	<u>\$3,360,000</u>	<u>\$371,137</u>	<u>\$358,702</u>	<u>\$4,089,839</u>

## EXETER TOWNSHIP

### *Notes to Financial Statements* *Year Ended March 31, 2008*

#### Note 8      Long-Term Debt (Concluded)

2002 Rosenbauer Commander 3000 Pumper Truck - The Township entered into a contract on April 2, 2002 to purchase a fire truck through Central States Fire Apparatus, LLC for \$232,206. The Township is financing the purchase through an installment agreement with Monroe Bank & Trust. The terms of the agreement called for a down payment of \$20,000 with the balance to be financed over ten years with annual principal payments of \$21,221 plus interest at a rate of 4.25%.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
03/01/09	\$21,220	\$3,658	\$24,878
03/01/10	21,221	2,743	23,964
03/01/11	21,220	1,829	23,049
03/01/12	<u>21,221</u>	<u>917</u>	<u>22,138</u>
	<u>\$84,882</u>	<u>\$9,147</u>	<u>\$94,029</u>

The annual requirements to pay principal and interest on the long-term debt at March 31, 2008 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 138,289	\$ 127,239	\$ 265,528
2010	313,290	142,923	456,213
2011	313,289	132,417	445,706
2012	313,290	121,839	435,129
2013	292,069	111,116	403,185
2014-2018	1,455,848	407,169	1,863,017
2019-2021	1,227,406	171,439	1,398,845
2022-2028	<u>900,000</u>	<u>47,815</u>	<u>947,815</u>
	<u>\$4,953,481</u>	<u>\$1,261,957</u>	<u>\$6,215,438</u>

#### Note 9      Property Tax

The Township bills and collects its own property tax and also taxes for the County of Monroe, State of Michigan, Airport Community Schools, Monroe Public Schools, Dundee Community Schools, Milan Area Schools, Monroe County Community College, Monroe Intermediate School District, and Washtenaw Intermediate School District. The Township levied 0.8712 mills for general operating for the 2007-2008 fiscal year on December 1, 2007 on assessed valuation as of December 31, 2006. The taxes are due and payable by February 14, 2008. Taxable values which amounted to \$137,587,416 represent a percentage of the fair market value of the assessed properties on December 31, 2006.

For the year ended March 31, 2008, the Township billed and retained \$34,867 as administrative fees for the above tax collection.



## EXETER TOWNSHIP

### *Notes to Financial Statements Year Ended March 31, 2008*

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Note 10      Employee Pension Plan

The Township provides pension benefits for all employees earning more than \$500 annually through a defined contribution plan. The Plan is through The Travelers Insurance Company and the USG Annuity and Life Company and is administered by Municipal Retirement Systems, Inc. The Plan became effective July 1, 1991. The Township contributes 7.5% of the employees' wages to the Plan. The Township's contributions are 100% vested immediately.

The cost for the current fiscal year services was \$9,134 plus an administrative fee of \$190. The covered payroll for the year was \$121,792 out of total payroll of \$192,660.

Note 11      Compensated Absences

The Township does not have a policy of providing employees with vacation or sick pay.

Note 12      Building Department

The Township tracks building permit fees and their related costs in the General Fund. Fees for the fiscal year ending March 31, 2008, of \$23,302 did not exceed the related costs and administrative overhead.

Note 13      Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 14      Related Party Transactions

As indicated in Note 1, the Township is involved in a joint venture. During the year, the Township contributed the following:

London-Maybee-Raisinville-Exeter Library	\$3,001
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The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating government in the near future.

# EXETER TOWNSHIP

*General Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended March 31, 2008*

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Taxes and special assessments:				
Taxes	\$119,000	\$119,000	\$120,097	\$1,097
Scofield light assessment	1,950	1,950	1,980	30
	<u>120,950</u>	<u>120,950</u>	<u>122,077</u>	<u>1,127</u>
Licenses and Permits:				
Business	100,000	100,000	76,389	(23,611)
Non-business	23,350	23,350	27,004	3,654
	<u>123,350</u>	<u>123,350</u>	<u>103,393</u>	<u>(19,957)</u>
State grants:				
State shared revenue	220,000	220,000	218,565	(1,435)
Federal grants	86,640	86,640	86,640	0
Administrative fee	22,200	22,200	40,197	17,997
Interest income	9,000	9,000	13,226	4,226
Other revenue	<u>10,400</u>	<u>10,400</u>	<u>14,577</u>	<u>4,177</u>
Total Revenues	592,540	592,540	598,675	6,135
<b>Expenditures</b>				
Legislative:				
Township board	34,600	45,751	40,426	5,325
General Government:				
Supervisor	21,210	21,210	20,995	215
Trustee	10,828	10,889	10,888	1
Elections	0	3,506	2,900	606
Assessor	27,030	27,230	26,700	530
Attorney	15,000	15,000	7,027	7,973
Clerk	21,010	21,010	20,908	102
Board of review	1,600	1,600	1,125	475
Treasurer	23,010	23,010	22,882	128
Township buildings and grounds	51,200	54,200	45,640	8,560
Audit	<u>11,000</u>	<u>11,000</u>	<u>10,640</u>	<u>360</u>
	181,888	188,655	169,705	18,950

**EXETER TOWNSHIP**

*General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended March 31, 2008*

	<u>Budgeted Amounts</u>			Positive (Negative) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Expenditures (Concluded)</b>				
Public safety:				
Fire department	\$226,098	\$227,302	\$208,152	\$19,150
Ordinance enforcement	11,400	11,400	8,944	2,456
Building inspection	30,200	30,332	22,371	7,961
Zoning and planning board	5,200	5,200	3,850	1,350
	<u>272,898</u>	<u>274,234</u>	<u>243,317</u>	<u>30,917</u>
Public works:				
Drains at large	1,000	1,375	1,375	0
Highways	97,000	98,000	76,860	21,140
Street lights	3,450	3,450	3,138	312
	<u>101,450</u>	<u>102,825</u>	<u>81,373</u>	<u>21,452</u>
Recreation and culture:				
Recreation	500	500	500	0
Other:				
Insurance and bonds	37,500	45,305	29,280	16,025
Payroll taxes	10,500	10,500	7,276	3,224
Pension	7,500	9,054	9,134	(80)
Contingency	70,000	39,910	0	39,910
	<u>125,500</u>	<u>104,769</u>	<u>45,690</u>	<u>59,079</u>
Total Expenditures	<u>716,836</u>	<u>716,734</u>	<u>581,011</u>	<u>135,723</u>
Excess (Deficiency) of Revenues Over Expenditures	(124,296)	(124,194)	17,664	141,858
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	<u>(7,900)</u>	<u>(8,002)</u>	<u>(8,001)</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	(132,196)	(132,196)	9,663	141,859
Fund Balance - Beginning of year	<u>186,873</u>	<u>186,873</u>	<u>248,960</u>	<u>62,087</u>
Fund Balance - End of year	<u><u>\$54,677</u></u>	<u><u>\$54,677</u></u>	<u><u>\$258,623</u></u>	<u><u>\$203,946</u></u>

**EXETER TOWNSHIP**

*Library Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended March 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Local contributions:				
Village of Maybee	\$3,001	\$3,001	\$3,001	\$0
London Township	3,001	3,001	3,001	0
Raisinville Township	3,002	3,002	3,002	0
	<u>9,004</u>	<u>9,004</u>	<u>9,004</u>	<u>0</u>
Interest income	0	0	683	683
Other revenue	<u>0</u>	<u>0</u>	<u>1,600</u>	<u>1,600</u>
Total Revenues	9,004	9,004	11,287	2,283
<b>Expenditures</b>				
Recreation and culture:				
Library	<u>12,005</u>	<u>12,005</u>	<u>10,252</u>	<u>1,753</u>
Total Expenditures	<u>12,005</u>	<u>12,005</u>	<u>10,252</u>	<u>1,753</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,001)	(3,001)	1,035	4,036
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	<u>3,001</u>	<u>3,001</u>	<u>3,001</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	0	0	4,036	4,036
Fund Balance - Beginning of year	<u>23,911</u>	<u>23,911</u>	<u>23,911</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$23,911</u></u>	<u><u>\$23,911</u></u>	<u><u>\$27,947</u></u>	<u><u>\$4,036</u></u>

**EXETER TOWNSHIP**

*Fire Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended March 31, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
State grants	\$0	\$0	\$2,700	\$2,700
Interest income	300	300	171	(129)
Total Revenues	300	300	2,871	2,571
<b>Expenditures</b>				
Public safety:				
Capital outlay	0	2,500	2,500	0
Excess (Deficiency) of Revenues Over Expenditures	300	(2,200)	371	2,571
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	5,000	5,000	5,000	0
<b>Net Change in Fund Balance</b>	5,300	2,800	5,371	2,571
Fund Balance - Beginning of year	53,606	53,606	55,894	2,288
Fund Balance - End of year	\$58,906	\$56,406	\$61,265	\$4,859

**EXETER TOWNSHIP**

*Water #1 Debt Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended March 31, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Special assessments	\$2,459	\$2,459	\$2,459	\$0
Interest income	2,600	2,600	2,949	349
Total Revenues	5,059	5,059	5,408	349
<b>Expenditures</b>				
Debt Service:				
Bond principal	6,000	6,000	4,497	1,503
Bond interest and fees	800	1,631	2,372	(741)
Total Expenditures	6,800	7,631	6,869	762
<b>Net Change in Fund Balance</b>	(1,741)	(2,572)	(1,461)	1,111
Fund Balance - Beginning of year	36,096	39,304	39,304	0
Fund Balance - End of year	<u>\$34,355</u>	<u>\$36,732</u>	<u>\$37,843</u>	<u>\$1,111</u>

**EXETER TOWNSHIP**

*Water #2 Debt Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended March 31, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Special assessments	\$84,140	\$84,140	\$109,474	\$25,334
Interest income	85,000	85,000	93,961	8,961
Total Revenues	169,140	169,140	203,435	34,295
<b>Expenditures</b>				
Debt Service:				
Bond principal	192,000	192,000	112,572	79,428
Bond interest and fees	0	77,285	80,081	(2,796)
Total Expenditures	192,000	269,285	192,653	76,632
<b>Net Change in Fund Balance</b>	(22,860)	(100,145)	10,782	110,927
Fund Balance - Beginning of year	460,852	737,522	737,522	0
Fund Balance - End of year	<u>\$437,992</u>	<u>\$637,377</u>	<u>\$748,304</u>	<u>\$110,927</u>

**EXETER TOWNSHIP**

*Water #3 Debt Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended March 31, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Special assessments	\$189,829	\$189,829	\$382,500	\$192,671
Interest income	54,831	54,831	9,144	(45,687)
Total Revenues	244,660	244,660	391,644	146,984
<b>Expenditures</b>				
Debt Service:	50,000	50,000	0	0
Total Expenditures	50,000	50,000	0	0
Excess (Deficiency) of Revenues Over Expenditures	194,660	194,660	391,644	146,984
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	50,000	50,000	50,000	0
<b>Net Change in Fund Balance</b>	244,660	244,660	441,644	146,984
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$244,660	\$244,660	\$441,644	\$146,984



**EXETER TOWNSHIP**

*Water #3 Construction Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended March 31, 2008*

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Interest income	\$0	\$0	\$4,247	\$4,247
Other revenue	0	0	2,435	2,435
Total Revenues	0	0	6,682	6,682
<b>Expenditures</b>				
Capital projects:				
Water projects	0	178,951	2,467,357	(2,288,406)
Total Expenditures	0	178,951	2,467,357	(2,288,406)
Excess (Deficiency) of Revenues Over Expenditures	0	(178,951)	(2,460,675)	(2,281,724)
<b>Other Financing Sources (Uses)</b>				
Preceeds from sale of bonds	0	0	2,389,930	2,389,930
Operating transfers in	240,000	240,000	197,493	(42,507)
Total Other Financing Sources (Uses)	240,000	240,000	2,587,423	2,347,423
<b>Net Change in Fund Balance</b>	240,000	61,049	126,748	65,699
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$240,000	\$61,049	\$126,748	(\$42,507)

**EXETER TOWNSHIP**

*Water Development Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended March 31, 2008*

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Licenses and permits:				
Stoneco tonnage fees	\$100,000	\$100,000	\$76,389	(\$23,611)
Interest income	12,000	12,000	11,408	(592)
Total Revenues	112,000	112,000	87,797	(24,203)
<b>Expenditures</b>				
Capital projects:				
Water projects	0	0	2,398	(2,398)
Total Expenditures	0	0	2,398	(2,398)
Excess (Deficiency) of Revenues Over Expenditures	112,000	112,000	85,399	(26,601)
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(290,000)	(290,000)	(247,493)	42,507
<b>Net Change in Fund Balance</b>	(178,000)	(178,000)	(162,094)	15,906
Fund Balance - Beginning of year	491,951	491,951	442,287	(49,664)
Fund Balance - End of year	<u>\$313,951</u>	<u>\$313,951</u>	<u>\$280,193</u>	<u>(\$7,157)</u>

**EXETER TOWNSHIP**

*Tax Collection Agency Fund*  
*Statement of Changes in Assets and Liabilities*  
*Year Ended March 31, 2008*

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
<b>Assets</b>				
Cash	<u>\$6,476</u>	<u>\$3,512,451</u>	<u>\$3,517,430</u>	<u>\$1,497</u>
<b>Liabilities</b>				
Due to other governmental units	\$6,476	\$3,088,346	\$3,093,325	\$1,497
Due to taxing units	<u>0</u>	<u>424,105</u>	<u>424,105</u>	<u>0</u>
Total Liabilities	<u>\$6,476</u>	<u>\$3,512,451</u>	<u>\$3,517,430</u>	<u>\$1,497</u>



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Township Board  
Exeter Township  
Maybee, Michigan 48159

In planning and performing our audit of the financial statements of Exeter Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

#### Financial Statements

The Township does not have procedures in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenues and expenditures, to track changes in capital assets, and to present required financial statement disclosures. As is the case with many smaller entities, the government has historically relied on independent external auditors to assist in the preparation of the government-wide financial statements and footnotes. As a result of this condition, the government lacks internal controls over the preparation of the financial statements in accordance with GAAP.

This communication is intended solely for the information and use of the Township Board, management, others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

September 4, 2008